

# OPEN MEETING



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ORIGINAL

MEMORANDUM  
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Arizona Corporation Commission

DOCKETED

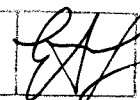
SEP 30 2014

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: September 30, 2014

DOCKETED BY 

RE: ARIZONA ELECTRIC POWER COOPERATIVE, INC. - APPLICATION FOR APPROVAL TO REMOVE THE EFFECTS OF PPAS FROM AEPCO RATES. (DOCKET NO. E-01773A-12-0305)

On August 1, 2014, Arizona Electric Power Cooperative, Inc. ("AEPCO") filed an application with the Arizona Corporation Commission ("Commission") requesting approval to remove the effects of two Purchase Power Agreements ("PPAs") from its rates.

In Decision No. 74173 (October 25, 2013), the Commission ordered that AEPCO file as a compliance item an application requesting to remove from its rates all costs and charges related to two purchase power contracts set to expire on October 31, 2014.

## Background

AEPCO is a non-profit, member-owned generation and transmission cooperative that supplies all or most of the power and energy requirements of its five Arizona and one California member distribution cooperatives. AEPCO has two types of distribution cooperative members: all-requirements members ("ARMS") and partial-requirements members (PRMs). AEPCO contracts with ARMs to provide the resources necessary to serve their current and projected loads. In contrast, PRMs are entitled only to receive their allocated capacity of AEPCO resources. AEPCO is not obligated to plan for or to meet any current or projected power and energy requirements beyond each PRM's allocated capacity.

In 2008, AEPCO determined it would need additional resources to meet the projected power and energy requirements of its ARMs. Following a bid solicitation and procurement process instituted to secure resources to meet the forecasted needs of Anza Electric Cooperative, Inc. ("Anza"), Duncan Valley Electric Cooperative, Inc. ("DVEC"), Graham County Electric Cooperative, Inc. ("GCEC") and Trico Electric Cooperative, Inc. ("Trico"), AEPCO entered into two PPAs – one with South Point Energy Center LLC ("South Point") and the other with Dynergy Power Generation II LLC ("Griffith"). The PPAs obligated AEPCO to purchase power and energy through October 31, 2014.

On January 1, 2011, Trico converted its membership status from all-requirements to partial-requirements. As a result, AEPCO no longer needs the aforementioned PPAs and will not be extending them past their expiration date.

In AEPCO's most recent rate case, AEPCO and Trico requested this docket remain open to allow AEPCO to file revised rates eliminating from Anza, DVEC, GCEC and Trico rates, the costs and charges of the expiring purchase power contracts. The Commission approved that request.

**Application**

AEPCO's immediate application addresses the two expiring PPAs and looks to amend the tariffs filed in this docket on October 31, 2013. The only revision to the tariffs is to reflect the effect of removing from rates the costs and charges associated with the expiring PPAs. Specifically, after adjusting for the expiration of the PPAs, the following charges and rates applicable to the collective all-requirements members ("CARM") and Trico are revised: Fixed Charge, O&M Charge and Other Resources Energy Rate. Expiration of the PPAs also requires a slight revision to the Purchased Power and Fuel Adjustment Clause ("PPFAC") bases for Other Resources and Fixed Power Costs. There are no changes to other rates.

Table 1 summarizes the aforementioned changes to the affected rate tariffs, these numbers can also be found in Exhibit A of AEPCO's filing.

TABLE 1			
Affected Tariff	Rate Title	Current Rate	Proposed Rate
CARM	Other Resources Fuel Base	\$0.03904	\$0.03899
CARM	Fixed Power Costs Base	\$183,236	\$174,959
CARM	Fixed Charge/Month	\$280,682	\$272,777
CARM	O&M Charge/Month	\$462,845	\$456,549
CARM	Other Resources Energy Rate - \$/kWh	\$0.03904	\$0.03899
PRM-Trico	Other Resources Fuel Base	\$0.03747	\$0.03723
PRM-Trico	Fixed Power Costs Base	\$574,197	\$323,828
PRM-Trico	Fixed Charge/Month	\$743,980	\$504,878
PRM-Trico	O&M Charge/Month	\$868,482	\$845,015
PRM-Trico	Other Resources Energy Rate - \$/kWh	\$0.03747	\$0.03723

The revised rates will apply to the ARMs' and Trico's usage on and after November 1, 2014, the day after the PPAs expire.

**Analysis**

Staff's review of the data provided in Exhibit B of the immediate application finds that AEPCO's calculation of the adjusted CARM and PRM tariffs is consistent with the discontinuation of the South Point and Griffith PPA costs. Exhibit B of the application, pages 6 and 7, summarizes revenue collection for the affected members. Revenues from Anza, DVEC and GCEC will drop by slightly more than 1 percent compared to revenues approved in Decision No. 74173; while revenues from Trico will decrease by more than 8 percent. Staff's review of the revenue summary finds the disparity in the aforementioned rate decreases stems from a disparity in cost allocation. Trico was

THE COMMISSION

September 30, 2014

Page 3

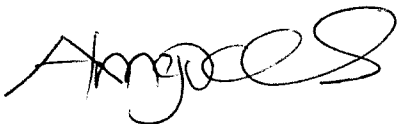
assigned a much higher allocation of the costs associated with the two expiring PPAs; as a result, it is receiving a much higher rate decrease.

Staff notes that on page 7 of both the tariffs provided in Exhibit A, AEPCO has indicated "\$TBD" or "to be determined" for the adjustor rates tied to the PPFAC. On September 23, 2014, AEPCO filed revised Tariffs which take into account the new PPFAC rates/charges scheduled to take effect on October 1, 2014. This pro-forma tariff filing also incorporates the recommendations discussed in the immediate application set to take effect on November 1, 2014.

Staff recommends that the changes to the tariff discussed herein, be adopted and become effective November 1, 2014.

Staff further recommends that the revised tariffs incorporate the new PPFAC rates/charges, found in Exhibit C of the Recommended Order and Opinion.

Staff further recommends that the company file as a compliance item with Docket Control, a revised tariff consistent with the Decision in this case, within 15 days of the effective date. .



for  
Steven M. Olea  
Director  
Utilities Division

SMO:EMV:sms\BH

ORIGINATOR: Eric Van Epps

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BEFORE THE ARIZONA CORPORATION COMMISSION

- BOB STUMP  
Chairman
- GARY PIERCE  
Commissioner
- BRENDA BURNS  
Commissioner
- BOB BURNS  
Commissioner
- SUSAN BITTER SMITH  
Commissioner

IN THE MATTER OF THE APPLICATION )  
 OF THE ARIZONA ELECTRIC POWER )  
 COOPERATIVE, INC. TO DETERMINE )  
 THE FAIR VALUE OF ITS PROPERTY FOR )  
 RATEMAKING PURPOSES, TO FIX A JUST )  
 AND REASONABLE RETURN THEREON )  
 AND TO APPROVE RATES DESIGNED )  
 TO DEVELOP SUCH RETURN -- TO )  
 REMOVE THE EFFECTS OF PPAS FROM )  
 AEP CO RATES. )

DOCKET NO. E-01773A-12-0305  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 Phoenix, Arizona  
 October 16, 2014

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Electric Power Cooperative, Inc. ("AEP CO") is certificated to provide electric services as a public service corporation in the State of Arizona.
2. On August 1, 2014, AEP CO filed an application with the Arizona Corporation Commission ("Commission") requesting approval to remove the effects of two Purchase Power Agreements ("PPAs") from its rates.
3. In Decision No. 74173 (October 25, 2013), the Commission ordered that AEP CO file as a compliance item an application requesting to remove from its rates all costs and charges related to two purchase power contracts set to expire on October 31, 2014.

Background

4. AEP CO is a non-profit, member-owned generation and transmission cooperative that supplies all or most of the power and energy requirements of its five Arizona and one California

1 member distribution cooperatives. AEPCO has two types of distribution cooperative members: all-  
2 requirements members ("ARMs") and partial-requirements members (PRMs"). AEPCO contracts  
3 with ARMs to provide the resources necessary to serve their current and projected loads. In contrast,  
4 PRMs are entitled only to receive their allocated capacity of AEPCO resources. AEPCO is not  
5 obligated to plan for or to meet any current or projected power and energy requirements beyond each  
6 PRM's allocated capacity.

7 5. In 2008, AEPCO determined it would need additional resources to meet the projected  
8 power and energy requirements of its ARMs. Following a bid solicitation and procurement process  
9 instituted to secure resources to meet the forecasted needs of Anza Electric Cooperative, Inc.  
10 ("Anza"), Duncan Valley Electric Cooperative, Inc. ("DVEC"), Graham County Electric Cooperative,  
11 Inc. ("GCEC") and Trico Electric Cooperative, Inc. ("Trico"), AEPCO entered into two PPAs – one  
12 with South Point Energy Center LLC ("South Point") and the other with Dynergy Power Generation  
13 II LLC ("Griffith"). The PPAs obligated AEPCO to purchase power and energy through October 31,  
14 2014.

15 6. On January 1, 2011, Trico converted its membership status from all-requirements to  
16 partial-requirements. As a result, AEPCO no longer needs the aforementioned PPAs and will not be  
17 extending them past their expiration date.

18 7. In AEPCO's most recent rate case, AEPCO and Trico requested this docket remain  
19 open to allow AEPCO to file revised rates eliminating from Anza, DVEC, GCEC and Trico rates, the  
20 costs and charges of the expiring purchase power contracts. The Commission approved that request.

#### 21 Application

22 8. AEPCO's immediate application addresses the two expiring PPAs and looks to amend  
23 the tariffs filed in this docket on October 31, 2013. The only revision to the tariffs is to reflect the  
24 effect of removing from rates the costs and charges associated with the expiring PPAs. Specifically,  
25 after adjusting for the expiration of the PPAs, the following charges and rates applicable to the  
26 collective all-requirements members ("CARM") and Trico are revised: Fixed Charge, O&M Charge  
27 and Other Resources Energy Rate. Expiration of the PPAs also requires slight revisions to the

28 ...

1 Purchased Power and Fuel Adjustment Clause ("PPFAC") bases for Other Resources and Fixed  
2 Power Costs. There are no changes to other rates.

3 9. Table 1 summarizes the aforementioned changes to the affected rate tariffs, these  
4 numbers can also be found in Exhibit A of AEPCO's filing.

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Affected Tariff	Rate Title	Current Rate	Proposed Rate
CARM	Other Resources Fuel Base	\$0.03904	\$0.03899
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CARM	Other Resources Energy Rate - \$/kWh	\$0.03904	\$0.03899
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PRM-Trico	Fixed Power Costs Base	\$574,197	\$323,828
PRM-Trico	Fixed Charge/Month	\$743,980	\$504,878
PRM-Trico	O&M Charge/Month	\$868,482	\$845,015
PRM-Trico	Other Resources Energy Rate - \$/kWh	\$0.03747	\$0.03723

15 10. The revised rates will apply to the ARMs' and Trico's usage on and after November 1,  
16 2014, the day after the PPAs expire.

17 Analysis

18 11. Staff's review of the data provided in Exhibit B of the immediate application finds that  
19 AEPCO's calculation of the adjusted CARM and PRM tariffs is consistent with the discontinuation of  
20 the South Point and Griffith PPA costs. Exhibit B of the application, pages 6 and 7, summarizes  
21 revenue collection for the affected members. Revenues from Anza, DVEC and GCEC will drop by  
22 slightly more than 1 percent compared to revenues approved in Decision No. 74173; while revenues  
23 from Trico will decrease by more than 8 percent. Staff's review of the revenue summary finds the  
24 disparity in the aforementioned rate decreases stems from a disparity in cost allocation. Trico was  
25 assigned a much higher allocation of the costs associated with the two expiring PPAs; as a result, it is  
26 receiving a much higher rate decrease.

27 12. Staff notes that on page 7 of both the tariffs provided in Exhibit A, AEPCO has  
28 indicated "\$TBD" or "to be determined" for the adjustor rates tied to the PPFAC. On September 23,

1 2014, AEPCO filed revised Tariffs which take into account the new PPFAC rates/charges scheduled  
2 to take effect on October 1, 2014. This pro-forma tariff filing also incorporates the recommendations  
3 discussed in the immediate application set to take effect on November 1, 2014.

4 Recommendations

5 13. Staff has recommended that the changes to the tariff discussed herein, be adopted and  
6 become effective November 1, 2014.

7 14. Staff has further recommended that the revised tariffs incorporate the new PPFAC  
8 rates/charges, found in the attached Exhibit C.

9 15. Staff has further recommended that AEPCO file as a compliance item with Docket  
10 Control, revised tariffs consistent with the Decision in this case, within 15 days of the effective date..

11 CONCLUSIONS OF LAW

12 1. AEPCO is an Arizona public service corporation within the meaning of Article XV,  
13 Section 2, of the Arizona Constitution.

14 2. The Commission has jurisdiction over AEPCO and the subject matter of this  
15 application

16 3. The Commission, having reviewed the application and Staff's Memorandum dated  
17 September 30, 2014, concludes that it is in the public interest to authorize AEPCO to remove from its  
18 rates the effects of the two expiring PPAs.

19 ORDER

20 IT IS THEREFORE ORDERED that Arizona Electric Power Cooperative, Inc. tariffs filed  
21 in Exhibit A of the application are adopted as discussed herein, effective on November 1, 2014.

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IT IS FURTHER ORDERED that Arizona Electric Power Cooperative, Inc. file revised tariffs that incorporate the new PPFAC rates/charges found in the attached Exhibit C.

IT IS FURTHER ORDERED that Arizona Electric Power Cooperative Inc. file, as a compliance item with Docket Control, revised CARM and PRM tariffs consistent with the Decision in this case, within 15 days of the effective date.

IT IS FURTHER ORDERED that this Order become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:EMV:sms\BH



1 SERVICE LIST FOR: Arizona Electric Power Cooperative, Inc.  
2 DOCKET NO. E-01773A-12-0305

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# EXHIBIT A

**Exhibit A****ARIZONA ELECTRIC POWER COOPERATIVE, INC.**TARIFFPERMANENT

Effective Date: November 1, 2014

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members ("CARM") of the Arizona Electric Power Cooperative, Inc. ("AEPSCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member's Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM's metered load exceeds its Allocated Capacity, then AEPSCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member's demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,  
mbdkW = Metered kW of CARM, and  
AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth

below) multiplied by the quotient of the Member's demand ratio share of the CARM O&M Charge divided by the sum of the CARM's 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,  
 mkW = Member Metered kW,  
 mpf = measured power factor at the time of Member peak demand, and  
 bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase, S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member's Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or "cap and trade" or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member's delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates and Power Cost Bank Charges

"Base Resources" are defined as (1) AEPCO's Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

"Other Resources" are defined as (1) AEPCO's generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO's Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

BF = BPC - \$0.02958

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO’s Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs) excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

BBC = BBA / 6 \*

BBC = Base Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

\* The BBC for each individual CARM is based on the accumulated (over)/under collected BBA for that individual Member.

Other Resources Adjustor Rate

OF = OPC - \$0.03899

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less

- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

OBC = OBA / 6 \*

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

\* The OBC for each individual CARM is based on the accumulated (over)/under collected OBA for that individual Member.

Fixed Power Costs Adjustor Charge

FC = FPC - \$174,959 \*

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less



D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less

E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

\* The FC is apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

Fixed Power Costs Bank Charge

$$FBC = FBA / 6 *$$

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

\* The FBC for each individual CARM is based on the accumulated (over)/under collected FBA for that individual Member.

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual CARM's BBA, OBA and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

**EXHIBIT A**

Effective Date	November 1, 2014 (1)
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$272,777 (2)
Total O&M Charge/Month	\$456,549 (2)
Base Resources Energy Rate – \$/kWh	\$0.02958
Other Resources Energy Rate – \$/kWh	\$0.03899

**Adjustor Rates/Charges**

Base Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Fixed Power Costs Adjustor Charge – Total \$/mo. (2)	\$TBD*

**Bank Charges****Anza Electric Cooperative, Inc.**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

**Duncan Valley Electric Cooperative, Inc.**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

**Graham County Electric Cooperative, Inc.**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

- (1) Rates are effective for service provided on and after this date.
- (2) The Total Fixed Charge, the Total O&M Charge, and the Fixed Power Costs Adjustor Charge are apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

\* Effective October 1, 2014 and determined and revised as set forth in the Tariff.

**Exhibit A****Arizona Electric Power Cooperative, Inc.****Partial-Requirements Schedule  
Rates and Fixed Charge  
(Effective November 1, 2014)**

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPSCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreements.

**Billing Month** – The first calendar month preceding the month the bill is rendered.

**Demand Overrun Adjustment** – If, in any hour, (i) Member's scheduled load (if Member is not in AEPSCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPSCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

- doaf = Demand Overrun Adjustment Factor,  
mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and  
AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

**Power Factor** – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfakW = power factor adjustment in kW,  
 mkW = Member Metered kW,  
 mpf = measured power factor at the time of Member peak demand, and  
 bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

#### Power Cost Adjustor Rates and Power Cost Bank Charges

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

#### Base Resources Adjustor Rate

$$BF = BPC - BFB$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BFB = The Base Resources Fuel Base or BFB is \$0.02931 for MEC, \$0.02975 for SSVEC and \$0.02984 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

BBC =  $BBA / 6$

BBC = Base Resources Bank Charge in dollars per month rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

Other Resources Adjustor Rate

OF = OPC - OFB

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OFB = The Other Resources Fuel Base or OFB is \$0.04118 for MEC, \$0.04139 for SSVEC and \$0.03723 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

OBC =  $OBA / 6$

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

Fixed Power Costs Adjustor Charge

FC = FPC - FFB

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

FFB = The Fixed Power Costs Base or FFB is \$549,433.00 for MEC, \$486,509.00 for SSVEC and \$323,828.00 for Trico.

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Fixed Power Costs Bank Charge

FBC = FBA / 6

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual Partial-Requirements Member's BBA, OBA, and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.



**EXHIBIT A**

Effective Date	November 1, 2014 (1)		
	MEC	SSVEC	Trico
Partial-Requirements Members:			
Fixed Charge – \$/month	\$856,617	\$758,513	\$504,878
O&M Charge – \$/month	\$1,433,723	\$1,269,525	\$845,015
Base Resources Energy Rate – \$/kWh	\$0.02931	\$0.02975	\$0.02984
Other Resources Energy Rate – \$/kWh	\$0.04118	\$0.04139	\$0.03723

**Adjustor Rates/Charges****MEC**

Base Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$TBD*

**SSVEC**

Base Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$TBD*

**Trico**

Base Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$TBD*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$TBD*

**Bank Charges****MEC**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

**SSVEC**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

**Trico**

Base Resources Bank Charge – \$/mo.	\$TBD*
Other Resources Bank Charge – \$/mo.	\$TBD*
Fixed Power Costs Bank Charge – \$/mo.	\$TBD*

(1) Rates are effective for service provided on and after this date.

\* Effective October 1, 2014 and determined and revised as set forth in the Tariff.

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# EXHIBIT B

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*Arizona Electric Power Cooperative, Inc.*

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*Rate and Revenues Generated Summary  
Test Year Ended December 31, 2011  
South Point and Griffith Adjustments per  
ACC Decision No. 74173*

*August 1, 2014*

**Arizona Electric Power Cooperative, Inc.**  
DERIVATION OF REVENUE REQUIREMENTS AND RATES  
WITHOUT SOUTH POINT & GRIFFITH CONTRACTS  
PER DECISION NO. 74173

LINE NO.	FUNCTIONAL COSTS	DECISION NO. 74173		TRICO WITHOUT SOUTH POINT & GRIFFITH PPA		DECISION NO. 74173		SOUTH POINT & GRIFFITH PPA		CARM WITHOUT SOUTH POINT & GRIFFITH PPA	
		TRICO ELECTRIC COOPERATIVE	SOUTH POINT & GRIFFITH PPA ADJUSTMENTS	SOUTH POINT & GRIFFITH PPA COSTS	SOUTH POINT & GRIFFITH PPA ADJUSTMENTS	COLLECTIVE ALL REQUIREMENTS	MEMBERS	SOUTH POINT & GRIFFITH PPA ADJUSTMENTS	SOUTH POINT & GRIFFITH PPA COSTS		
1	<b>REVENUE REQUIREMENT DEVELOPMENT</b>										
2	<b>FIXED COSTS</b>										
3	BASE RESOURCES	\$4,634,659	\$0	\$4,634,659	\$0	\$1,504,034	\$0	\$0	\$2,504,034		
4	OTHER EXISTING RESOURCES	1,423,871	0	1,423,871	0	769,295	0	0	769,295		
5	ADDITIONAL RESOURCES	2,869,233	2,869,233	0	0	94,850	94,850	94,850	0		
6	SUB-TOTAL	\$8,927,763	\$2,869,233	\$6,058,530	\$0	\$3,368,179	\$94,850	\$94,850	\$3,273,329		
7											
8	<b>O&amp;M</b>										
9	BASE RESOURCES	\$9,602,133	\$0	\$9,602,133	\$0	\$5,187,882	\$0	\$0	\$5,187,882		
10	OTHER EXISTING RESOURCES	538,052	0	538,052	0	290,701	0	0	290,701		
11	ADDITIONAL RESOURCES	281,602	281,602	0	0	75,554	75,554	75,554	0		
12	SUB-TOTAL	\$10,421,787	\$281,602	\$10,140,185	\$0	\$5,554,137	\$75,554	\$75,554	\$5,478,583		
13											
14	<b>ENERGY</b>										
15	BASE RESOURCES	\$14,886,019	\$0	\$14,886,019	\$0	\$6,851,461	\$0	\$0	\$6,851,461		
16	OTHER EXISTING RESOURCES	3,264,619	0	3,264,619	0	660,338	0	0	660,338		
17	ADDITIONAL RESOURCES	3,395,252	258,684	3,136,568	258,684	196,707	8,551	8,551	188,156		
18	SUB-TOTAL	\$21,545,890	\$258,684	\$21,287,206	\$258,684	\$7,708,506	\$8,551	\$8,551	\$7,699,955		
19											
20	<b>TOTAL RESOURCE COSTS</b>										
21	BASE RESOURCES	\$29,122,811	\$0	\$29,122,811	\$0	\$14,543,377	\$0	\$0	\$14,543,377		
22	OTHER EXISTING RESOURCES	5,226,542	0	5,226,542	0	1,720,334	0	0	1,720,334		
23	ADDITIONAL RESOURCES	6,546,087	3,409,519	3,136,568	3,409,519	367,111	178,955	178,955	188,156		
24	TOTAL	\$40,895,440	\$3,409,519	\$37,485,921	\$3,409,519	\$16,630,822	\$178,955	\$178,955	\$16,451,867		
25											
26											
27	<b>RATE DEVELOPMENT</b>										
28	<b>BILLING DETERMINANTS</b>										
29	BILLING DEMANDS	1,466,322	0	1,466,322	0	509,624	0	0	509,624		
30	BASE RESOURCE KWH	498,876,619	0	498,876,619	0	231,625,173	0	0	231,625,173		
31	OTHER EXISTING RESOURCES KWH	76,467,416	0	76,467,416	0	15,428,608	0	0	15,428,608		
32	ADDITIONAL RESOURCES KWH	101,255,000	5,784,000	95,471,000	5,784,000	6,523,000	191,000	191,000	6,332,000		
33	TOTAL KWH	676,595,035	5,784,000	670,815,035	5,784,000	253,576,781	191,000	191,000	253,385,781		
34											
35	<b>MONTHLY CHARGES</b>										
36	FIXED CHARGE	\$743,980	\$239,103	\$504,878	\$239,103	\$280,632	\$7,904	\$7,904	\$272,727		
37	O&M CHARGE	\$968,482	\$23,467	\$845,015	\$23,467	\$462,845	\$6,296	\$6,296	\$456,549		
38	BASE ENERGY CHARGE	\$0.02984	\$0.00000	\$0.02984	\$0.00000	\$0.02958	\$0.00000	\$0.00000	\$0.02958		
39	OTHER EXISTING RESOURCE ENERGY CHARGE	\$0.03747	\$0.04472	\$0.03904	\$0.04472	\$0.03899	\$0.04477	\$0.04477	\$0.03899		
40	ADDITIONAL RESOURCES ENERGY CHARGE	\$0.03747	\$0.04472	\$0.03723	\$0.04472	\$0.03904	\$0.04477	\$0.04477	\$0.03899		
41	AVERAGE ENERGY CHARGE	\$0.031844	\$0.044724	\$0.031733	\$0.044724	\$0.030399	\$0.044770	\$0.044770	\$0.030388		

**Arizona Electric Power Cooperative, Inc.**  
DERIVATION OF FUEL BASE CHARGES  
WITHOUT SOUTH POINT & GRIFFITH CONTRACTS  
PER DECISION NO. 74173

LINE NO.	DESCRIPTION	DECISION NO. 74173 TRICO ELECTRIC COOPERATIVE	SOUTH POINT & GRIFFITH PPA ADJUSTMENTS	TRICO WITHOUT SOUTH POINT & GRIFFITH PPA COSTS	DECISION NO. 74173 COLLECTIVE ALL REQUIREMENTS MEMBERS	SOUTH POINT & GRIFFITH PPA ADJUSTMENTS	CARM WITHOUT SOUTH POINT & GRIFFITH PPA COSTS
1	FUEL BASE CHARGES:						
2	BASE RESOURCES BASE CHARGE						
3	BASE RESOURCES ENERGY COSTS	\$14,886,019	\$0	\$14,886,019	\$6,851,461	\$0	\$6,851,461
4	BASE RESOURCE KWH	498,876,619	0	498,876,619	231,625,173	0	231,625,173
5	BASE RESOURCES BASE CHARGE - \$/KWh	\$0.02984	\$0.00000	\$0.02984	\$0.02958	\$0.00000	\$0.02958
6							
7	OTHER RESOURCES BASE CHARGE	\$6,659,871	\$258,684	\$6,401,187	\$857,045	\$8,551	\$848,494
8	OTHER RESOURCES ENERGY COSTS	177,722,416	5,784,000	171,938,416	21,951,608	191,000	21,760,608
9	OTHER RESOURCES KWH	\$0.03747	\$0.04472	\$0.03723	\$0.03904	\$0.04477	\$0.03899
10	OTHER RESOURCES BASE CHARGE - \$/KWh						
11							
12	FIXED FUEL BASE CHARGES						
13	FIXED COSTS:						
14	FIXED COAL COSTS	\$163,224	\$0	\$163,224	\$88,188	\$0	\$88,188
15	FIXED GAS COSTS	924,937	0	924,937	499,729	0	499,729
16	PURCHASED DEMAND COSTS:						
17	BASE RESOURCES	193,065	0	193,065	104,310	0	104,310
18	OTHER RESOURCES	0	0	0	0	0	0
19	ADDITIONAL RESOURCES	2,784,891	2,784,891	0	92,062	92,062	0
20	TOTAL PURCHASED DEMAND COSTS	2,977,956	2,784,891	193,065	196,372	92,062	104,310
21	TRANSMISSION OF ELECTRICITY BY OTHERS						
22	BASE RESOURCES WHEELING	2,505,727	0	2,505,727	1,353,805	0	1,353,805
23	OTHER RESOURCES WHEELING	109,051	0	109,051	58,918	0	58,918
24	ADDITIONAL RESOURCES WHEELING	219,542	219,542	0	7,258	7,258	0
25	TOTAL WHEELING COSTS	2,834,320	219,542	2,614,778	1,419,981	7,258	1,412,723
26	SUBTOTAL	6,900,437	3,004,433	3,896,004	2,204,270	99,320	2,104,950
27	FIRM CONTRACT REVENUES	10,071	0	10,071	5,441	0	5,441
28	TOTAL FIXED FUEL BASE COSTS	\$6,890,366	\$3,004,433	\$3,885,933	\$2,198,828	\$99,320	\$2,099,509
29	FIXED FUEL BASE CHARGES - PER MONTH	\$74,197	\$250,369	\$323,828	\$183,236	\$8,277	\$174,959

APPCO Reverse Compliers without S and C PPAs - 7/15/2014

**Arizona Electric Power Cooperative, Inc.**  
**Adjudicated and Proposed Rate Tariffs**  
**Twelve Months Ended December 31, 2011**

Description	Decision 74173 Rates As Adjudicated	Proposed Rate Tariff	Increase (Decrease)
<b>1 Collective All Requirements Members:</b>			
2 Fixed Charge - Per Month	\$ 280,682	\$ 272,777	\$ (7,904)
3 O&M Rate - Per Month	\$ 462,845	\$ 456,549	\$ (6,296)
4			
5 Base Resources Energy Charge - \$/kWh	\$ 0.02958	\$ 0.02958	\$ (0.00000)
6 Base Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
7 Total	\$ 0.02958	\$ 0.02958	\$ (0.00000)
8			
9 Other Resources Energy Charge - \$/kWh	\$ 0.03904	\$ 0.03899	\$ (0.00005)
10 Other Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
11 Total	\$ 0.03904	\$ 0.03899	\$ (0.00005)
12			
<b>13 Partial Requirements Customers:</b>			
<b>14 Mohave Electric Cooperative:</b>			
15 Fixed Charge - Per Month	\$ 856,617	\$ 856,617	\$ -
16 O&M Rate - Per Month	\$ 1,433,723	\$ 1,433,723	\$ -
17			
18 Base Resources Energy Charge - \$/kWh	\$ 0.02931	\$ 0.02931	\$ -
19 Base Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
20 Total	\$ 0.02931	\$ 0.02931	\$ -
21			
22 Other Resources Energy Charge - \$/kWh	\$ 0.04118	\$ 0.04118	\$ -
23 Other Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
24 Total	\$ 0.04118	\$ 0.04118	\$ -
25			
<b>26 Sulphur Springs Valley Electric Cooperative:</b>			
27 Fixed Charge - Per Month	\$ 758,513	\$ 758,513	\$ -
28 O&M Rate - Per Month	\$ 1,269,525	\$ 1,269,525	\$ -
29			
30 Base Resources Energy Charge - \$/kWh	\$ 0.02975	\$ 0.02975	\$ -
31 Base Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
32 Total	\$ 0.02975	\$ 0.02975	\$ -
33			
34 Other Resources Energy Charge - \$/kWh	\$ 0.04139	\$ 0.04139	\$ -
35 Other Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
36 Total	\$ 0.04139	\$ 0.04139	\$ -
37			
<b>38 Trico Electric Cooperative:</b>			
39 Fixed Charge - Per Month	\$ 743,980	\$ 504,878	\$ (239,103)
40 O&M Rate - Per Month	\$ 868,482	\$ 845,015	\$ (23,467)
41			
42 Base Resources Energy Charge - \$/kWh	\$ 0.02984	\$ 0.02984	\$ (0.00000)
43 Base Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
44 Total	\$ 0.02984	\$ 0.02984	\$ (0.00000)
45			
46 Other Resources Energy Charge - \$/kWh	\$ 0.03747	\$ 0.03723	\$ (0.00024)
47 Other Resources Synchron. PPFAC Accrual - \$/kWh	\$ -	\$ -	\$ -
48 Total	\$ 0.03747	\$ 0.03723	\$ (0.00024)
49			

**Arizona Electric Power Cooperative, Inc.**  
**Present and Proposed PPFAC Bases**  
**Twelve Months Ended December 31, 2011**

Description	Test Period PPFAC Bases As Adjusted	Proposed PPFAC Bases	Increase (Decrease)
<b>1 Collective All Requirements Members:</b>			
2 Fixed Fuel Costs Base	\$183,236	\$174,959	(\$8,277)
3 Base Resources Base	\$0.02958	\$0.02958	\$0.00000
4 Other Resources Base	\$0.03904	\$0.03899	-\$0.00005
5			
<b>6 Partial Requirements Customers:</b>			
<b>7 Mohave Electric Cooperative:</b>			
8 Fixed Fuel Costs Base	\$549,433	\$549,433	\$0
9 Base Resources Base	\$0.02931	\$0.02931	\$0.00000
10 Other Resources Base	\$0.04118	\$0.04118	\$0.00000
11			
<b>12 Sulphur Springs Valley Electric Cooperative:</b>			
13 Fixed Fuel Costs Base	\$486,509	\$486,509	\$0
14 Base Resources Base	\$0.02975	\$0.02975	\$0.00000
15 Other Resources Base	\$0.04139	\$0.04139	\$0.00000
16			
<b>17 Trico Electric Cooperative:</b>			
18 Fixed Fuel Costs Base	\$574,197	\$323,828	(\$250,369)
19 Base Resources Base	\$0.02984	\$0.02984	\$0.00000
20 Other Resources Base	\$0.03747	\$0.03723	-\$0.00024

**Arizona Electric Power Cooperative, Inc**  
**Summary of Revenues Generated by Present and Proposed Rates**  
**Twelve Months Ended December 31, 2011**

Description	Revenues Generated by Rates Effective November 1, 2013				Revenues Generated by Proposed Rates without S & G PPA Costs				Revenue Increase	
	Billing Units	Billing Rate	Revenues Generated \$	Average Unit Cost Mills/kWh	Billing Units	Billing Rate	Revenues Generated \$	Average Unit Cost Mills/kWh	\$	%
<b>1</b> <b>Amza Electric Cooperative, Inc.</b>										
2 Fixed & O&M Monthly Charges	12	\$136,003 <sup>(1)</sup>	\$ 1,632,033	31.85	12	\$133,405 <sup>(1)</sup>	\$ 1,600,863	31.26	\$ (31,170)	
3 Energy Charges:										
4 Base Resources	46,960,331	\$0.02958	1,389,084	29.58	46,960,331	\$0.02958	1,389,084	29.58		
5 Base PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
6 Subtotal		\$0.02958	1,389,084	29.58		\$0.02958	1,389,084	29.58	(0)	
7 Other Existing Resources	4,249,452	\$0.03899	165,695	38.99	4,249,452	\$0.03899	165,695	38.99		
8 Other PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
9 Subtotal		\$0.03904	167,365	39.04		\$0.03899	165,695	38.99		
10 Total Energy Charges	51,209,783		1,556,450	30.37	51,209,783		1,554,780	30.36	(1,670)	
11 Total			\$ 3,188,482	62.22			\$ 3,155,643	61.62	\$ (32,839)	-1.03%
<b>14</b> <b>Duncan Valley Electric Cooperative, Inc.</b>										
15 Fixed & O&M Monthly Charges	12	\$90,645 <sup>(1)</sup>	\$ 1,087,738	36.73	12	\$88,914 <sup>(1)</sup>	\$ 1,066,964	36.05	\$ (20,774)	
16 Energy Charges:										
17 Base Resources	27,084,557	\$0.02958	801,278	29.58	27,084,557	\$0.02958	801,278	29.58		
18 Base PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
19 Subtotal		\$0.02958	801,278	29.58		\$0.02958	801,278	29.58	(0)	
20 Other Existing Resources	2,527,675	\$0.03904	98,687	39.04	2,505,682	\$0.03899	97,702	38.99		
21 Other PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
22 Subtotal		\$0.03904	98,687	39.04		\$0.03899	97,702	38.99		
23 Total Energy Charges	29,616,232		899,965	30.39	29,594,239		896,980	30.38	(2,985)	
24 Total			\$ 1,987,703	67.12			\$ 1,965,944	66.43	\$ (21,759)	-1.09%
<b>27</b> <b>Graham County Electric Cooperative, Inc.</b>										
28 Fixed & O&M Monthly Charges	12	\$516,879 <sup>(1)</sup>	\$ 6,202,545	35.91	12	\$507,007 <sup>(1)</sup>	\$ 6,084,085	35.25	\$ (118,460)	
29 Energy Charges:										
30 Base Resources	157,576,285	\$0.02958	4,661,099	29.58	157,576,285	\$0.02958	4,661,099	29.58		
31 Base PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
32 Subtotal		\$0.02958	4,661,099	29.58		\$0.02958	4,661,099	29.58	(0)	
33 Other Existing Resources	15,137,182	\$0.03904	590,993	39.04	15,005,474	\$0.03899	585,096	38.99		
34 Other PPFAC Accrual		\$0.00000	-	-		\$0.00000	-	-		
35 Subtotal		\$0.03904	590,993	39.04		\$0.03899	585,096	38.99		
36 Total Energy Charges	172,713,467		5,252,092	30.41	172,581,759		5,246,195	30.40	(5,896)	
37 Total			\$ 11,454,637	66.32			\$ 11,330,280	65.65	\$ (124,357)	-1.09%

ARFCO Revenue Comparison without S and G PPA's - 7/15/2014



**Arizona Electric Power Cooperative, Inc**  
**Summary of Revenues Generated by Present and Proposed Rates**  
**Twelve Months Ended December 31, 2011**

Description	Revenues Generated by Rates Effective November 1, 2013			Revenues Generated by Proposed Rates without S & G PPA Costs			Revenue Increase \$	%
	Billing Units	Billing Rate	Per Month	Revenues Generated	Average Unit Cost Mills/kWh	Revenues Generated		
1 Mohave Electric Cooperative, Inc.								
2 Fixed & O&M Monthly Charges	12	\$2,290,340	Per Month	\$ 27,484,075	40.51	\$ 27,484,075	\$ -	-
3 Energy Charges:								
4 Base Resources	678,088,000	\$0.02931	Per kWh	19,875,996	29.31	19,875,996	\$ -	-
5 Base PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
6 Subtotal		\$0.02931	Per kWh	19,875,996	29.31	19,875,996	\$ -	-
7								
8 Other Existing Resources	342,000	\$0.04118	Per kWh	14,085	41.18	14,085	\$ -	-
9 Other PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
10 Subtotal		\$0.04118	Per kWh	14,085	41.18	14,085	\$ -	-
11 Total Energy Charges	678,430,000			19,890,080	29.32	19,890,080	\$ -	-
12 Total				\$ 47,374,155	69.83	\$ 47,374,155	\$ -	0.00%
13								
14 Sulphur Springs Electric Coop., Inc.								
15 Fixed & O&M Monthly Charges	12	\$2,028,838	Per Month	\$ 24,336,458	33.84	\$ 24,336,458	\$ -	-
16 Energy Charges:								
17 Base Resources	718,868,000	\$0.02975	Per kWh	21,386,209	29.75	21,386,209	\$ -	-
18 Base PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
19 Subtotal		\$0.02975	Per kWh	21,386,209	29.75	21,386,209	\$ -	-
20								
21 Other Existing Resources	346,000	\$0.04139	Per kWh	14,322	41.39	14,322	\$ -	-
22 Other PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
23 Subtotal		\$0.04139	Per kWh	14,322	41.39	14,322	\$ -	-
24 Total Energy Charges	719,214,000			21,400,531	29.76	21,400,531	\$ -	-
25 Total				\$ 45,736,989	63.59	\$ 45,736,989	\$ -	0.00%
26								
27 Trico Electric Cooperative, Inc.								
28 Fixed & O&M Monthly Charges	12	\$1,612,463	Per Month	\$ 19,349,550	28.60	\$ 16,198,715	\$ (3,150,835)	-
29 Energy Charges:								
30 Base Resources	498,876,619	\$0.02984	Per kWh	14,886,019	29.84	14,886,019	\$ -	-
31 Base PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
32 Subtotal		\$0.02984	Per kWh	14,886,019	29.84	14,886,019	\$ -	(0)
33								
34 Other Existing Resources	177,722,416	\$0.03747	Per kWh	6,659,871	37.47	6,401,187	\$ (258,684)	-
35 Other PPFAC Accrual		\$0.00000	Per kWh	-	-	-	\$ -	-
36 Subtotal		\$0.03747	Per kWh	6,659,871	37.47	6,401,187	\$ (258,684)	-
37 Total Energy Charges	676,599,035			21,545,890	31.84	21,287,206	\$ (258,684)	-
38 Total				\$ 40,895,440	60.44	\$ 37,485,521	\$ (3,409,919)	-8.34%
39								
40 Total				\$ 150,637,406	64.71	\$ 147,048,932	\$ (3,588,474)	-2.39%
41								
42								

(0) Represents load ratio share of CARM Fixed & O&M Monthly Charges.

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# EXHIBIT C

Effective Date	November 1, 2014 (1)		
	MEC	SSVEC	Trico
Partial-Requirements Members:			
Fixed Charge – \$/month	\$856,617	\$758,513	\$504,878
O&M Charge – \$/month	\$1,433,723	\$1,269,525	\$845,015
Base Resources Energy Rate – \$/kWh	\$0.02931	\$0.02975	\$0.02984
Other Resources Energy Rate – \$/kWh	\$0.04118	\$0.04139	\$0.03723

Adjustor Rates/ChargesMEC

Base Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00125)*
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.02787)*
Fixed Power Costs Adjustor Charge – Total \$/mo.	(\$48,558.77)*

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00175)*
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.04931)*
Fixed Power Costs Adjustor Charge – Total \$/mo.	(\$42,996.94)*

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00249)*
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.29212)*
Fixed Power Costs Adjustor Charge – Total \$/mo.	(\$28,619.66)*

Bank ChargesMEC

Base Resources Bank Charge – \$/mo.	(\$112,113.07)*
Other Resources Bank Charge – \$/mo.	(\$14,164.84)*
Fixed Power Costs Bank Charge – \$/mo.	(\$40,127.07)*

SSVEC

Base Resources Bank Charge – \$/mo.	(\$126,979.69)*
Other Resources Bank Charge – \$/mo.	(\$110,022.25)*
Fixed Power Costs Bank Charge – \$/mo.	(\$35,530.40)*

Trico

Base Resources Bank Charge – \$/mo.	(\$123,367.43)*
Other Resources Bank Charge – \$/mo.	(\$63,194.11)*
Fixed Power Costs Bank Charge – \$/mo.	(\$119,225.59)*

(1) Rates are effective for service provided on and after this date.

\* Effective October 1, 2014 and determined and revised as set forth in the Tariff.

Effective Date	November 1, 2014 (1)
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$272,777 (2)
Total O&M Charge/Month	\$456,549 (2)
Base Resources Energy Rate – \$/kWh	\$0.02958
Other Resources Energy Rate – \$/kWh	\$0.03899

Adjustor Rates/Charges

Base Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00088)*
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00947)*
Fixed Power Costs Adjustor Charge – Total \$/mo. (2)	(\$15,462.55)*

Bank ChargesAnza Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	(\$9,654.49)*
Other Resources Bank Charge – \$/mo.	(\$4,674.12)*
Fixed Power Costs Bank Charge – \$/mo.	(\$3,178.07)*

Duncan Valley Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	(\$5,516.04)*
Other Resources Bank Charge – \$/mo.	(\$2,639.62)*
Fixed Power Costs Bank Charge – \$/mo.	(\$1,985.57)*

Graham County Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	(\$27,450.34)*
Other Resources Bank Charge – \$/mo.	(\$13,442.59)*
Fixed Power Costs Bank Charge – \$/mo.	(\$10,773.56)*

- (1) Rates are effective for service provided on and after this date.
- (2) The Total Fixed Charge, the Total O&M Charge, and the Fixed Power Costs Adjustor Charge are apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

\* Effective October 1, 2014 and determined and revised as set forth in the Tariff.